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# **The role of wisdom leadership in increasing job performance: evidence from the Egyptian tourism sector.**

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## **Abstract**

The paper aims to explore the intervening role of wisdom leadership in the link between leadership styles and employees' team performance, in the context of travel agents. Drawing on the leadership theory and the strategic leadership model, we develop an integrative model exploring the relationships between four distinct leadership styles and their influence on employees' satisfaction and team performance, through the mediating role of wise leadership. Using data collected from 505 travel agents operating in Egypt, we show that not all leadership styles have a positive influence on employees' satisfaction. We also show that a positive influence takes place through the development of wisdom leadership. Our findings hold important implications for both the research community and travel agents.

**Keywords:** Wisdom Leadership, Travel agents, Job satisfaction, Tourism, Egypt.

## **1. Introduction**

Leadership is an essential and dynamic component of employees' satisfaction and organisational performance. Effective leadership is seen as an antecedent of employee job satisfaction, a vital factor for organisational success (Mohammed, Yusuf, Sanni, Ifeyinwa, Bature, & Kazeem, 2014). 'Leadership' is defined as a social effectiveness process through which the leader explores, seeks, and mobilises the voluntary participation of followers in an attempt to achieve organisations' interests and goals (Ho, Ross, & Coutts, 2016). In this

vein, a successful leader influences followers in a desired manner to achieve organisations' common goals productively (Keskes, 2014). Nanjundeswaraswamy and Swamy (2014) defined a leader as a person who delegates, stimulates, motivates, mobilises and influences followers to perform so to achieve specified organisational objectives. However, followers decide to obey and pursue their leaders not simply because of the leader's official authority but out of perceptions of their leader's exceptional and extraordinary character (Conger, Kanungo, & Menon, 2000). Hence, it has been widely acknowledged that a successful leadership depends on different types of leadership styles' characteristics (Voon, Lo, Ngui, & Ayob, 2011).

Leadership success is not conditioned by a set of specific characteristics, but instead by different leadership styles (Saleem, 2015). These leadership styles were in turn found to be significant predictors of employees' job satisfaction (Ahmad, Adi, Noor, Rahman, & Yushuang, 2013; Sultan, Kanwal, & Gul, 2015; Alonderiene & Majauskaite, 2016), and subsequently work performance (Ojokuku, Odetayo, & Sajuyigbe, 2012; Devie, Samuel, & Siagian, 2015). However, the literature on such links remains inconclusive. Sim and Yap (1997) claimed that there is no appropriate and a best leadership style that will act for leaders in all circumstances and it is difficult to identify the best leadership style for achieving employees' satisfaction and better organisational performance. More importantly, the emerging strategic leadership theory indicates that the positive influence of leadership styles takes place through the intervention of wisdom, yet thus far, no empirical evidence has clearly supported such claims (Parco-Tropicales & de Guzman, 2014). Hence, important questions arise, namely: which type of leadership style explains employees' satisfaction? And how can wisdom intervene in such a relationship?

Drawing on the leadership theory (House, Spangler, & Woycke, 1991), and the strategic leadership model (Boal & Hooijberg, 2001), the present research attempts to answer these two questions by investigating the relationship between various leadership styles (namely: transformational, ethical, charismatic and visionary) and employees' satisfaction and team performance, through the mediating role of wise leadership. The study explores this issue in Egyptian travel agents and aspires to contribute to both tourism and leadership literatures by: (1) highlighting the relationships between various leadership styles, employees' satisfaction and team performance, and (2) uncovering the role of the novel concept of “wise leadership” on the basis of Boal and Hooijberg's (2001) strategic leadership model. In addition, the research findings hold important implications for travel agencies' leaders in Egypt and the Middle East and North Africa region (MENA) on the link between different leadership styles and job satisfaction, and the role of wisdom in such a relationship.

This paper is structured as follows: the next section outlines the Egyptian tourism context and highlights the need for research in this key sector within the country. Thereafter, the theoretical framework and hypotheses are developed, followed by an overview of the research methods and findings. Finally, the results are discussed and conclusions drawn.

## **2. The Egyptian tourism sector**

Considered as the key engine for Egypt's economic growth, the Egyptian tourism sector is an important source of foreign exchange, and a significant generator of directly related and indirectly related jobs (Richter & Steiner, 2008; El-Gohary, 2012). Tourism in

Egypt is associated with approximately 70 feeder services and complementary industries, and represents about 40% of Egypt's non-commodity exports (Hilmi, Safa, Reynaud, & Allemand, 2012). The tourism boom has had a great effect on Egypt's economic development. In most cases, Egypt can be seen as a perfect example of the positive economic outcome of tourism, which seems to outweigh its negative effects (Richter & Steiner, 2008). Tourism is one of the most important pillars of Egypt's economy. For example, in 2013 the tourism sector employed about 12.6% of Egypt's workforce, serving approximately 14.7 million tourists, and providing incomes of nearly \$19 billion (Agag & El-Masry, 2016). Egypt, however, recorded \$6.1 billion in tourism revenue in 2015, as the total number of tourists dropped by 6% to 9.3 million and the total number of tourist nights declined by 14% (Egyptian Ministry of Tourism, 2015).

Perceived as a crucial stakeholder in the Tourism sector, travel agents are essential to the development and success of this sector. They are increasingly considered as the most powerful and influential player within the sector through their role as "sales agents" in the distribution of packaged holidays and destinations (Baloglu & Mangaloglu, 2001). On the other hand, evidence from the human resource literature posits a clear link between the performance of such service providers and their overall job satisfaction (Pan, 2015). In this vein, one could argue in favour of the importance of travel agents' job satisfaction levels as a precursor to the sector's performance and development. For this reason, the present study attempts to examine the influence of leadership styles on Egyptian travel agents' job satisfaction and team performance.

### **3. Theoretical background and hypotheses development**

In exploring the relationship between different leadership styles and job satisfaction, this study extends the strategic leadership model and includes job satisfaction as the likely outcome resulting from enhanced leadership practices. This model covers various types of leadership styles and incorporates the concept of wisdom into leadership theory. Parco-Tropicales and de Guzman (2014, p. 547) argue that the inclusion of wisdom leadership “purports to expand the growing interest on wisdom by testing a model that describes the impact of transformational, visionary, charismatic and ethical leadership styles on wise leadership development”.

In short, this study attempts to empirically test and validate the intervening role of wisdom in the relationships between leadership styles and job satisfaction and team performance within the Egyptian tourism sector. More importantly, the study takes a comprehensive approach and examines the simultaneous effect of four different forms of leadership styles in explaining wise leadership development and job satisfaction. Investigating the influence of these styles simultaneously helps to compare the influence of these styles and thus enhance the originality of the present study. The research conceptual framework and hypotheses are shown in Figure 1.

**Figure 1 Here**

#### **3.1. Leadership styles and wise leadership capability**

Webster (2003) defined wisdom as the capability in dealing with critical life experiences to facilitate the development of self and others. Wisdom leadership, according to McCann, Graves, and Cox (2014, p. 29) "includes a combination of awareness of one's

workplace surroundings and the ability to anticipate consequences within the dynamic of the workplace... the ability to understand organisational dynamics and connect reasonable outcomes based upon the environmental cues that they read". McKenna, Rooney, and Boal (2009) argued that transformational, ethical and visionary leadership values and vision are essential characteristics for wisdom development. Furthermore, Parco-Tropicales and de Guzman (2014, p.547) revealed that: "(1) each of the four types of leadership has a significant positive impact on wise leadership development, (2) high charismatic qualities of principals could lead to higher capability for wise leadership, and (3) transformational and visionary leadership appeared to have the strongest impact on wise leadership development". Accordingly, the previous leadership styles (transformational, visionary, ethical and charismatic) are expected to lead to wisdom leadership development. The following explores this in greater details.

### *3.1.1. Transformational leadership and wise leadership development*

Transformational leadership style is defined, according to Sarros, Cooper, and Santora (2008), as a behaviour of leaders that motivates subordinates to recognise and achieve organisational goals and interests and that has the ability to motivate followers beyond predictable levels of work performance. Based on Sarros et al. (2008), transformational leadership style has the characteristics of influence, spiritual inspiration and intellectual incentive and stimulation (Nanjundeswaraswamy & Swamy, 2014). Accordingly, subordinates feel engaged and personally rewarded through work, and work productivity. Hence, satisfaction and extra effort are improved (Bass & Avolio, 1994; Markos & Sridevi, 2010). According to Wang, Tsai, and Tsai (2014), transformational leadership style has

four characteristics: inspirational motivation (formulate an appealing and powerfully reminiscent vision), cognitive stimulation (encouraging followers' creativity and innovation), perfect effect (charismatic influence modelling), and individualised consideration (training and mentoring). Leaders in the transformational style have the ability to change organisational perceptions and values (Yukl, 1999). According to Lowe, Kroeck, and Sivasubramaniam (1996), there is strong empirical evidence that transformational leadership style is organisationally effective, an outcome that is important for practical wisdom. Furthermore, Parco-Tropicales and de Guzman (2014) argued that the more leaders practice transformational leadership style, the higher their competency is for wise leadership. Therefore, the following hypothesis is proposed:

*Hypothesis 1: Transformational leadership enhances wise leadership development.*

### *3.1.2. Ethical leadership and wise leadership development*

Ethical leadership style is defined as the demonstration of normatively suitable conduct through personal actions and interpersonal relationships, and the articulating of such behaviours to subordinates through a two-way communication, strengthening and decision-making (Brown, Trevino, & Harrison, 2005). Ethical leadership style, according to Dhar (2016), is a style that respects the rights and dignity of followers. Brown et al. (2005) demonstrated that ethical leadership styles relate to considerate behaviour, trustworthiness, morality in the leader, interactional equality and socialised charismatic leadership. Parco-Tropicales and de Guzman (2014) argued that wisdom for leaders is the hallmark of a responsible leader. They also expected that the more leaders perceive and practice ethical leadership style, the higher their ability is for wise leadership (Parco-



Tropicales & de Guzman, 2014), and concluded that ethical leadership has a significant and positive influence on developing wise leadership. Hence, we propose the following hypothesis:

*Hypothesis 2: Ethical leadership enhances wise leadership development.*

### *3.1.3. Charismatic leadership and wise leadership development*

According to House et al. (1991), charismatic leaders motivate and mobilise subordinates to achieve personal sacrifices in order to realise the mission expressed by the leader and to implement above and beyond the call of duty. Michaelis, Stegmaier, and Sonntag (2009) emphasised that there is a difference between traditional leadership theories, which stressed rational processes, and charismatic leadership, which focuses on emotions and values and recognises the vital role of symbolic behaviour and the essential influence of the leader in making events meaningful for subordinates. The term charisma, (House, 1997 as cited in Parco-Tropicales & de Guzman, 2014, p. 549) "the initial meaning of which was "gift," is usually reserved for leaders, who by their influence, are able to move followers to accomplish outstanding feats". Therefore, the leader who has charisma states a clear vision and demonstrates how to perform the vision, while using charismatic communication (Gordijn & Stapel, 2008). Because charisma is a relationship and not a personality characteristic of leaders, charisma depends on followers' perceptions (Wilson, 1975, p. 7). As a result, charismatic leadership can be defined, according to House et al. (1991, p. 366), as "the ability of a leader to exercise diffuse and intense influence over the beliefs, values, behaviour, and performance of others through his or her own behaviour, beliefs, and personal example". Boal and Hooijberg (2001) posit that a leader who has great

social intelligence and is considered as charismatic will display higher managerial wisdom than a leader who has great social intelligence but does not possess charisma. In addition, Parco-Tropicales and de Guzman (2014) proposed that the leader who has charismatic qualities would lead to greater competence for wise leadership. Accordingly, the following hypothesis is proposed:

*Hypothesis 3: Charismatic leadership enhances wise leadership development.*

#### *3.1.4. Visionary leadership and wise leadership development*

Visionary leadership, according to Colton (1985), is the ability of the leader to establish an influence on individuals to achieve the set of goals and objectives for a group of actions and to transfer this ability to his/her subordinates. Based on this definition, the visionary leader must have the capacity to inspire, challenge, guide, and empower his/her followers, possess the skills and knowledge to construct a new reality (Brown & Anfara, 2003), be equipped with the ability to envisage desirable and optimal futures and be able to bring these into existence (Meindl, 1993). The basic idea, according to Jing and Avery (2016), is that visionary leaders can create an impression that they have high efficiency and a vision for idealising future to achieve success into the desirable direction. Visionary leadership style has insights into subordinates' needs and values, and the ability to develop a vision statement reflecting those needs or values (Sosik & Dinger, 2007). Parco-Tropicales and de Guzman, (2014) proposed that a high visionary leadership trait will successfully lead to the development of wisdom leadership. Furthermore, Gioia and Thomas (1996) claimed that the visionary capacity of a leader is a basic characteristic of a wise strategic leader. Thus, we propose:

*Hypothesis 4: Visionary leadership enhances wise leadership development.*

### **3.2. Leadership styles and job satisfaction**

#### *3.2.1 Transformational leadership and job satisfaction*

Previous studies' findings indicated that transformational leadership has significant and positive influences on employees' job satisfaction (Shibru & Darshan, 2011). For example, Voon et al. (2011) demonstrated that transformational leadership style has a significant, positive and stronger relationship with employees' job satisfaction. Furthermore, Bushra, Ahmad, and Naveed (2011) demonstrated that transformational leadership style positively influences employees' work satisfaction. Nanjundeswaraswamy and Swamy (2014) concluded that job satisfaction and overall satisfaction are strongly predicted by transformational leadership style. The same findings are also provided by Jyoti and Bhau (2016); Saleem (2015); Munir, Rahman, Malik, and Ma'amor (2012). Thus, the researchers share these arguments toward travel agencies and propose the following hypothesis:

*Hypothesis 5: Transformational leadership increases employees' job satisfaction.*

#### *3.2.2. Ethical leadership and job satisfaction*

Numerous researchers have studied ethical leadership style in the area of management and organisational behaviour (Cullen, Parboteeah, & Victor, 2003; Neubert, Carlson, Kacmar, Roberts, & Chonko, 2009; Kim & Brymer, 2011; Dhar, 2016). Kim and Brymer (2011) illustrated that managers' ethical leadership is positively associated with their middle executives' job satisfaction. According to Saari and Judge (2004), employees' job satisfaction has been related to employees' behaviour, inspiration, and increased

employees' outcomes. Moreover, Zehir, Erdogan, and Basar (2011) showed a positive relationship between ethical leadership and employees' job satisfaction. Ghahroodi, Mohd, and Ghorban (2013, p. 91) concluded that because of their ethical leadership style, "leaders are considered to be role models in their respective organisations, their followers tend to be satisfied and committed, which would result in diminishing their intention to leave the organisations". Based on this discussion, the following hypothesis is proposed:

*Hypothesis 6: Ethical leadership increases employees' job satisfaction.*

### *3.2.3. Charismatic leadership and job satisfaction*

Shamir, House, and Arthur (1993) indicated that charismatic leadership style is positively and strongly related to followers' satisfaction. Lian, Brown, Tanzern, and Che (2011); Cicero and Pierro (2007) and Somani and Krishnan (2004) reported similar findings and concluded that charismatic leadership style is positively correlated with employees' job satisfaction. Furthermore, Zehir et al. (2011) found a positive relationship between charismatic leadership and job satisfaction through employees' perception of organisations. Vlachos, Panagopoulos, and Rapp (2013) confirmed that charismatic leadership style enhances job satisfaction. A recent study of Sun, Gergen, Avila, and Green (2016) revealed that charismatic leadership behaviours have a strong positive influence on employees' job satisfaction. Hence, the authors suggest the following hypothesis:

*Hypothesis 7: Charismatic leadership increases employees' job satisfaction.*

#### *3.2.4. Visionary leadership and job satisfaction*

DuBrin (1998, cited in Dhammika, 2016, p. 1) indicated, "visionary leaders have positive effects on follower outcomes, resulting in high trust in the leader, high commitment to the leader, high levels of performance among followers, and high overall and organisational performance". According to Riaz, Adnan, Haider, Mubarak, and Hussain (2010), employees who are working with visionary leaders will develop a high level of job satisfaction. The Study of Cheema, Akram, and Javed (2015) revealed that in businesses where there are managers who have visionary leadership properties, employees are generally satisfied with their managers, which would in turn enhance their overall job satisfaction. Moreover, Yirik and Baltaci (2014) argued that the most important leadership characteristic that influence job satisfaction is visionary leadership. Thus, the following hypothesis is proposed:

*Hypothesis 8: Visionary leadership increases employees' job satisfaction.*

### **3.3. Wise leadership development and job satisfaction**

Existing research has revealed a clear link between leadership styles and job satisfaction (Lok & Crawford, 2004). For example, transformational leadership traits such as empowerment and vision were found to be significant predictors to employees' satisfaction (Rad & Yarmohammadian, 2006; Ahmad et al., 2013; Sultan et al., 2015; Alonderiene & Majauskaite, 2016), and work performance (Ojokuku et al., 2012; Devie et al., 2015). Similarly, in the hospitality industry, recent evidence has shown that transformational leadership, which is conceptualised through charisma, inspiration, intellectual stimulation and individualised consideration, significantly enhances

employees' wellbeing. Transformational leaders' behaviour is likely to lead to an increase in employees' effectiveness and productivity, which would in turn enhance the quality of their working life and spill over into their job satisfaction (Wang et al., 2014).

However, in the present study, we argue that such a link is mediated by the development of the so-called "wise leadership". In fact, following Boal and Hooijberg's (2001) conceptualisation of wisdom leadership as one of the determinants of strategic leadership effectiveness (McKenna et al., 2009), we claim that part or all of the influence of leadership styles such as transformational, charismatic, visionary and ethical leadership on employees' satisfaction is likely to be mediated by the development of the wise leadership capability. While a recent study confirmed wisdom leadership as a direct outcome of leadership styles' characteristics (Parco-Tropicales & de Guzman, 2014), to the authors' knowledge, no studies have thus far attempted to test the intervening role of wisdom leadership as a determinant of strategic leadership effectiveness (such as job satisfaction). In this study, we therefore hypothesise that alongside the established direct influence between leadership styles' characteristics and employees' job satisfaction, wisdom leadership is likely to partially, or fully, mediate such a relationship. Hence, the research posits that:

*Hypothesis 9:* Wise leadership development is positively related to employees' job satisfaction.

*Hypothesis 10:* Wise leadership development mediates the link between leadership styles and employees' job satisfaction.

### **3.4. Job Satisfaction and job performance**

Galup, Klein, and Jiang (2008) argued that for successful organisations, satisfied employees are required, whereas poor job satisfaction can incapacitate an organisation to achieve its goals and objectives. Aziri (2011) defines job satisfaction as how individuals feel about their job environment and its various aspects. According to Arzi and Farahbod (2014), employees' job satisfaction is the main element that influences organisational goal achievement and performance. Sousa-Poza (2000) concluded that employee satisfaction is an imperative motivating factor in achieving employees' performance and productivity. Naseem, Sheikh, and Malik (2011) demonstrated an indirect relation between organisational success and employee satisfaction. Moreover, Pushpakumari (2008) pointed out a positive association between job satisfaction and employees' performance. Likewise, the results of Javed, Balouch, and Hassan (2014) revealed a significant positive link between employees' job satisfaction and job performance. Hence, the authors propose the following hypothesis:

*Hypothesis 11: Employees' job satisfaction leads to higher team performance.*

## **4. Methods**

To test the hypotheses, the study surveyed 505 category (A) travel agents operating in Egypt. Category (A) travel agents are those qualified to work globally on tourism activities both inbound and outbound (Abou-Shouk, Lim, & Megicks, 2016). Category (A) is the central sampling frame in this research because, as cited in Egyptian Travel Agents Association (2015), there are 1229 category (A) travel agents in Egypt that are located across the Cairo Governorate. Given the high concentration in Greater Cairo, and the

geographical diffusion of the other governorates throughout Egypt, significant costs, time, and difficulties could be involved in delivering and collecting questionnaires outside Greater Cairo. Consequently, as a sampling frame, the focus was on 1229 category (A) travel agents located in Cairo – Egypt.

The study randomly selected a sample of 600 travel agents. Questionnaires were distributed face to face. The data collection took place between June and July 2016. Two research assistants were hired for the purpose. In total, 512 copies were collected, of which 505 were usable and only 7 were deemed invalid<sup>1</sup>. Overall, as can be seen from Table 1, the employees involved in the sample were mostly 26 to 35 years old (60.2%), followed by 16-25 years old (27.1%). As for their gender, a significantly higher proportion of males were recorded (approx. 84%). This is very common in the Middle East, where a male population usually dominates the workplace. Ultimately, the vast majority of the travel agents held at least a bachelor degree (93.3%).

#### **Table 1 Here**

Finally, to check for common method bias, a post-hoc test was applied using Harman's one-factor. In this, the first factor accounted for less than the critical 50%. Hence, no major signs of common method bias were noted (Chin, Thatcher, & Wright, 2012).

#### **4.1. Measures**

Leadership styles have been measured using items combined by Parco-Tropicales and de Guzman (2014) on the basis of various previous sources. The instruments for the measurement of Transformational Leadership were initially based on the works of

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Cases including missing data were all excluded <sup>1</sup>



Podsakoff, MacKenzie, Moorman, and Fetter (1990), whereas items for Ethical Leadership were extracted from Brown et al. (2005). Measures for Charismatic Leadership were adapted from Conger et al. (2000) and items for Visionary Leadership were from Rafferty and Griffin (2004). Similarly, Team Performance was analysed using a 5-item scale, which was improved and validated by Conger et al. (2000). Job Satisfaction was assessed using the 8-item scale (Yeh, 2013; Arzi & Farahbod, 2014). All of these items were assessed on a five-point Likert scale ranging from “strongly agree” to “strongly disagree”. Full details are provided in the Appendix.

#### **4.2. Control variables**

The study controlled for employees’ education, age, gender, occupation status, working period under current supervisors, working period under current employers and working period through career. According to Mosadeghrad and Ferdosi (2013), these demographics characteristics were found to contribute significantly to variance in employees’ job satisfaction. Similarly, the study of Wachira, Kalai, and Tanui (2013) revealed that academic qualifications were significantly associated with job satisfaction.

#### **5. Analysis**

To test the hypotheses, we applied a regression-based Partial Least Squares Structural Equation Modelling (PLS-SEM) using SmartPLS 3.21 (Ringle, Wende, & Becker, 2016). The choice of a variance-based approach was deemed appropriate for three key reasons. First, PLS-SEM is the recommended approach when the research entails theory development (Hair, Ringle, & Sarstedt, 2011; Sarstedt et al., 2014). The present

paper is an initial attempt to investigate the role of wisdom leadership in the distinct context of travel agencies. The paper further develops this theoretical concept by linking wisdom leadership to employees' satisfaction and performance, hence involving theory development.

Second, PLS-SEM is the preferred method for prediction (Evermann & Tate, 2016; Hair, Matthews, Matthews, & Sarstedt, 2017). Unlike covariance-based SEM, the variance-based PLS-SEM approach primarily focuses on explaining the variance in the dependent variable, by assessing the total variance in the observed indicators rather than only the correlations between the indicators (Sarstedt et al., 2014; Sarstedt et al., 2016). To achieve its prediction goal, PLS-SEM maximises the explanation by producing latent variable scores that jointly minimise the residuals (Richter et al., 2015). The approach estimates the path model relationships that maximise the  $R^2$  values of the target constructs and allows prediction of the outcome of the endogenous latent variables' indicators by assessing the Stone-Geisser  $Q^2$  values (Hair et al., 2014). Such attributes are important for the research in hand since the focus of the paper is to (1) identify the key styles explaining wisdom leadership in the Egyptian context and (2) explain employees' satisfaction through the development of wisdom leadership.

Lastly, the PLS algorithm is especially suited for complex models (Henseler, Ringle, & Sinkovics, 2009). Here, the proposed integrative model includes seven constructs, each with several items. This is considered a complex setting, and hence, better suited to the use of PLS-SEM.

The PLS-SEM does not assume normality and includes the assessment of two distinct models, namely the outer (also known as measurement model) and the inner model

(also known as structural model). In short, the former focuses on the relationship between the constructs and their indicators, whereas the latter is about the links amongst the constructs (Jarvis, Mackenzie, & Podsakoff, 2003). The following assesses these two models.

### **5.1.Measurement model**

To assess the measurement quality of the instruments used in this study (i.e. the measurement model), the study examined both validity and reliability for all constructs. Constructs' reliability was examined through both composite and Cronbach's Alpha (see Table 2). Alternatively, constructs' validity was assessed through the items' loadings (see appendix) and Average Variance Extracted (AVE) for convergent validity (see Table 2) and the square roots of AVE for discriminant validity (see Table 3). Collinearity issues were also checked using the Variance Extracted Factor (VIF) for all constructs (see Table 2).

#### **Table 2 Here**

Per Table 2, both composite reliability and Cronbach's alpha coefficients meet the minimum value 0.7 for good instruments' reliability (Mackenzie, Podsakoff, & Podsakoff, 2011). Similarly, tables 2 and 3 indicate a good validity for all constructs involved in this study. Here, all AVEs met the 0.5 minimum value for convergent validity and all items' loadings exceeded the 0.5 threshold (Hair, Hult, Ringle, & Sarstedt, 2016).

#### **Table 3 Here**

As for discriminant validity, Table 3 shows that the square root of AVE of all variables exceeds any of the other correlations involving that construct (Ketkar, Kock, Parente, & Verville, 2012; Peng & Lai, 2012). Finally, Table 2 indicates that all VIFs scores

were less than five, implying the absence of both multi-collinearity and common methods bias (Kock & Lynn, 2012).

## **5.2. Structural model**

The assessment of the measurement model confirmed the validity and reliability of all constructs involved in this study. As a result, the study proceeds to the analysis of the structural model. Figure 2 provides the path coefficients ( $\beta$ ) and the p values of the present model.

Results indicate that amongst the four leadership styles, only visionary, charismatic and ethical leadership styles had a positive a significant influence on the development of wise leadership. While the visionary leadership had the strongest influence ( $\beta = 0.45$ ), charismatic and ethical leaderships followed with a relatively lower influence ( $\beta = 0.15$  and  $0.11$  respectively). In contrast, transformational leadership had no significant influence on the development of wisdom leadership. Hence, H1 is rejected, whereas H2, H3 and H4 are all accepted. As for the direct influence of these four styles on job satisfaction, while visionary leadership had a moderate positive impact ( $\beta = 0.15$ ), transformational, ethical and charismatic leadership styles were found to have no direct influence on job satisfaction. Thus, the study accepts H8, and rejects H5, H6 and H7. Turning to the influence of wise leadership on job satisfaction, the latter was found to hold a positive and significant influence on travel agents' job satisfaction, which confirms H9 ( $\beta = 0.19$ ). Similarly, employees' job satisfaction was found to significantly increase team performance ( $\beta = 0.17$ ).

Finally, it can be concluded that the leadership styles included in this study explained 50% of the development of wise leadership, whereas wisdom leadership

explained 16% of the employees' satisfaction. Moreover, the employees' job satisfaction explained 5% of the employees' performance. To evaluate the models' predictive validity, a blindfolding procedure with an omission distance of seven was performed (Sarstedt et al., 2014). This yielded cross-validated redundancy ( $Q^2$  Stone-Geisser) values for all three endogenous constructs above zero (Wise Leadership: 0.328; Employee Satisfaction: 0.05; Employee Performance: 0.03), providing support for the model's predictive relevance.

**Figure 2 Here**

A mediation analysis was applied to uncover the mediating role of wise leadership in the link between leadership styles and employees' job satisfaction (See Table 4). The result has revealed that wise leadership fully mediates the link between charismatic leaderships and job satisfaction, and partially mediates the relationships between visionary leadership and job satisfaction. In other words, the positive influence of leadership styles on employees' job satisfaction is mediated by the development of a wise leadership capability.

**Table 4 Here.**

Finally, the following table summarises the hypothesis testing in this study.

**Table 5 Here**

## **6. Discussion and conclusion**

The aim of this study is to examine the influence of leadership styles on travel agents' job satisfaction, through the intervening role of wisdom leadership. For this purpose, an integrative model looking at the simultaneous impact of four different leadership styles on the development of wisdom leadership and employees' job satisfaction

and team performance was developed and tested using employees of category (A) travel agents operating in Egypt (N = 505). Overall, the findings support the proposed model and indicate that the positive influence of leadership styles on employees' job satisfaction takes place through the development of the so-called wisdom leadership. The following sub-sections discuss these results in further details.

The results showed that visionary, charismatic and ethical leadership are the key indicators for the development of wisdom leadership. Visionary leadership is the key style having the highest influence, followed by charismatic leadership, and ethical leadership. This means that visionary, charismatic and ethical leaders will successfully develop competence for wise leadership. These findings are in line with several previous studies. Gioia and Thomas (1996) claimed that visionary capacity of leaders is a basic characteristic of what is known as "wise" leaders. Furthermore, Boal and Hooijberg (2001) stated that leaders who enjoy great social intelligence and are considered as charismatic would display higher managerial wisdom than leaders who have great social intelligence but no charisma. Parco-Tropicales and de Guzman (2014) explained that the more the leaders perceive and practice ethical leadership style, the higher is their likelihood to develop wisdom.

Nevertheless, transformational leadership was found to hold no significant influence on developing wisdom leadership. This is not in line with Lowe et al.'s (1996) and Parco-Tropicales and de Guzman's (2014) findings, which suggested a significant link between transformational leadership and the development of wise leadership. In fact, the authors argued that the more leaders practice transformational leadership style, the higher is their competency for the development of wise leadership, and concluded that transformational leadership has a significant and positive influence on developing wise

leadership. Such a disparity could be explained by the context in which Egyptian travel agents operate. In fact, the influence of leadership styles varies across cultures (Cox, Hannif, & Rowley, 2014). The transformational leadership process is known to be considerably affected by culture (Nanjundeswaraswamy & Swamy, 2014). Transformational leadership generally involves a transformation in the employees involved in the leadership process. Consequently, people from Arab countries who are often reluctant to change may resist such a process and undermine its value. A study on Egyptian human resource management practices revealed that Egyptian employees are often sceptical toward uncertainty in the workplace (Leat & El-Kot, 2007).

Regarding the direct influence of these leadership styles and job satisfaction, the results suggested that only visionary leadership style had a positive impact, whereas, the remaining styles were not associated with achieving employees' job satisfaction. This means that, in the Egyptian travel agencies context, employees who are working with the visionary leaders are more likely to exhibit high levels of job satisfaction (Riaz et al., 2010). However, with respect to the non-significant influence of the remaining leadership styles, the latter does not confirm previous evidence. In fact, Saleem (2015); Nanjundeswaraswamy and Swamy (2014); Munir et al. (2012), concluded that employees' job satisfaction is strongly predicted by transformational leadership style. Results by Kim and Brymer (2011) also demonstrated that managers' ethical leadership is positively associated with their middle executives' job satisfaction and indicated that charismatic leadership style strongly and positively related to followers' satisfaction and performance. Lian et al. (2011); Cicero and Pierro (2007), reported similar findings and concluded that charismatic leadership style is positively correlated with employees' job satisfaction.

Such contradictory findings may be due to the inclusion of wise leadership as a mediating factor in such relationships. In fact, in the present study, we theorise that the positive influence of leadership styles is subject to the development of wisdom leadership. In this regard, our results confirmed that wise leadership has a positive and significant influence on employees' satisfaction. Additionally, results have established an indirect link between leadership styles and job satisfaction through the development of wise leadership. While previous evidence has revealed the "wisdom leadership" as a direct end outcome of leadership styles' characteristics (Parco-Tropicales & de Guzman, 2014), it can be claimed that no studies have thus far attempted to test the intervening role of wisdom leadership as a determinant of strategic leadership effectiveness (i.e. employees' job satisfaction). Therefore, this study concluded that the positive influence of leadership styles' characteristics on employees' job satisfaction is mediated by the development of wisdom leadership. Hence, it can be argued that various leadership styles may not necessarily lead to an increased job satisfaction, unless these styles lead to the development of wise leadership. This may explain the previous contradictory findings regarding the influence of leadership styles on job satisfaction (Voon et al., 2011; Yun, Cox, Sims Jr, & Salam, 2007).

As for the relationship between job satisfaction and team performance, the latter was found to be positive and significant. This means that employees' job satisfaction positively influences job performance in Egyptian travel agents. Hence, it is argued that for successful outcomes in such organisations, satisfied employees are required, while poor job satisfaction can negatively affect an organisation in achieving its goals and objectives (Galup et al., 2008). This result is in line with Pushpakumari (2008) who found a positive association between job satisfaction and employees' performance. Furthermore, the results



of Javed et al. (2014) revealed a significant positive relation between employee job satisfaction and job performance.

## **7. Implications and limitations**

Our findings hold important implications for both theory and practice. Theoretically, unlike several previous studies, not all leadership styles were found to be relevant in the Egyptian tourism context. While we argue that such findings are due to cultural specificities related to the Arab setting, we encourage further research to explore with more depth the intervening influence of culture in the link between leadership styles and employees' performance. In addition, the inconclusive findings thus far regarding the various influences of different leadership styles on employees' behaviour could be explained by the intervening role of wise leadership in such a process. In this vein, we have showed that wise leadership does mediate the link between leadership styles and employees' satisfaction. In other words, the positive influence of leadership styles could be subject to the development of wisdom leadership. Hence, further research is also called for to clarify this role. Practically, our findings hold important implications to travel agencies' leaders in Egypt and MENA countries. Visionary, ethical and charismatic leadership styles were found to be good precursors to the development of wise leadership, which would in turn enhance both the satisfaction and the performance of the employees. Therefore, leaders are urged to adopt such traits to drive the performance of their agencies. By contrast, due to cultural considerations (Nowadike, 2011), transformational style was not as effective as the remaining styles. Thus, leaders in those parts of the world should be aware of such differences.

In terms of limitations, the following should be acknowledged. First, while the disparities between our findings and the previous literature are likely to be attributed to cultural differences, we call for further qualitative studies to explain such inconsistencies and uncover the influence of cultural factors with respect to employees' satisfaction in the Egyptian tourism sector. Second, although we controlled for several employees' demographics, it could be argued that such factors may moderate the links between leadership styles and satisfaction. We therefore also call for further studies examining such influences.

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**Appendix: Confirmatory Factor Analysis (PLS approach).**

Construct	Mean	SD	Loadings	Significance	Confidence Intervals	
					2.5%	97.5%
<b>Charismatic Leadership</b>						
Supervisors give their employees a sense of security even in conditions of stress/crisis (CLead1)	4.091	1.212	0.696	0.000	0.623	0.758
Supervisors often bring up ideas about possibilities for the future (CLead2)	4.196	1.146	0.795	0.000	0.733	0.846
Supervisors get involved in the daily affairs of their team (CLead3)	4.315	1.065	0.895	0.000	0.864	0.918
Supervisors are exciting public speaker (CLead4)	4.304	1.026	0.870	0.000	0.831	0.899
Supervisors let employees know what is required of them and give them constructive feedback (CLead5)	4.311	1.121	0.754	0.000	0.693	0.805
<b>Ethical Leadership</b>						
Supervisors discuss ethics or values with their employees. (ELead1)	4.372	0.946	0.811	0.000	0.750	0.858
Supervisors conduct our personal life in an ethical manner (ELead2)	4.253	1.073	0.873	0.000	0.842	0.900
Supervisors define success not just by results but also the way that they are obtained (ELead3)	3.743	1.437	0.667	0.000	0.587	0.731
Supervisors set an example of how to do things the right way in terms of ethics (ELead4)	4.028	1.266	0.718	0.000	0.644	0.777
<b>Job Satisfaction</b>						
Employees receive adequate training to do their job well (JobSat1)	1.945	1.25	0.739	0.000	0.623	0.821
Employees have good feeling that their efforts will be appreciated (JobSat2)	1.994	1.269	0.701	0.000	0.580	0.791
Using compensation system increases motivation of employees (JobSat3)	1.716	1.138	0.773	0.000	0.655	0.850
Performance evaluation induces employees' justice perceptions (JobSat4)	1.77	1.136	0.802	0.000	0.685	0.879
The payment of salary is very close to employees' expectations (JobSat5)	1.806	1.175	0.780	0.000	0.665	0.855
We use a new technology to facilitate our works (JobSat6) <sup>a</sup>	1.182	0.956	N.A.	N.A.	N.A.	N.A.
The relationship between supervisors and us is very friendly (JobSat7)	4.273	0.925	0.638	0.000	0.525	0.742
We have family-friendly policies to support our families (JobSat8)	4.22	1.105	0.636	0.000	0.525	0.738
<b>Transformational Leadership</b>						
Supervisors have ideas that challenge employees to re-examine some of our basis assumptions about work (TLead1)	4.495	0.917	0.743	0.000	0.653	0.811

Supervisors inspire employees with their plan for the future (TLead2)	4.444	0.807	0.774	0.000	0.696	0.829
Supervisors simulate employees to rethink the way they do things (TLead3)	4.422	0.853	0.840	0.000	0.788	0.876
Supervisors show that they expect a lot from employees (TLead4)	4.424	0.855	0.835	0.000	0.781	0.877
Supervisors develop a team attitude and spirit among employees and staff (TLead5)	4.372	0.901	0.784	0.000	0.713	0.840
<b><i>Visionary Leadership</i></b>						
Supervisors take a long-term view of the organisation and its surrounding environment (VLead1)	4.291	1.09	0.725	0.000	0.646	0.788
Supervisors convey a shared, concrete vision of the desired state which provides the basis for formulating organisational strategies and goals (VLead2)	4.354	1.058	0.791	0.000	0.726	0.844
Supervisors articulate a sense of purpose for the organisation (VLead3)	4.37	1.003	0.839	0.000	0.783	0.883
Supervisors place emphasis on positive future challenges and opportunities (VLead4)	4.337	1.017	0.865	0.000	0.833	0.894
Supervisors anticipate factors or future trends shaping the organisation to craft the vision (VLead5)	4.362	1.042	0.790	0.000	0.734	0.839
<b><i>Wise Leadership</i></b>						
Supervisors are able to relate to people different from them. (WLead1)	4.335	1.05	0.801	0.000	0.742	0.850
Supervisors are able to inspire others (WLead2)	4.337	1.041	0.844	0.000	0.795	0.882
Supervisors are able to help others (WLead3)	4.392	0.955	0.847	0.000	0.801	0.886
Supervisors have general confidence in what they know (WLead4)	4.335	1.053	0.868	0.000	0.824	0.902
Supervisors are prepared for many situations (WLead5)	4.176	1.134	0.832	0.000	0.784	0.872
<b><i>Team Performance</i></b>						
Employees have high work performance (JobPer1)	4.804	0.457	0.812	0.000	0.682	0.880
Most of employees' tasks are accomplished quickly and efficiently (JobPer2)	4.826	0.428	0.845	0.000	0.736	0.908
Employees always set a high standard of task accomplishment (JobPer3)	4.846	0.413	0.892	0.000	0.821	0.934
Employees always achieve a high standard of task accomplishment (JobPer4)	4.85	0.455	0.904	0.000	0.841	0.942
Employees almost always beat their targets (JobPer5)	4.85	0.48	0.858	0.000	0.767	0.923

<sup>a</sup> Dropped item due to low loading

N.A. Not Applicable



## Tables

**Table 1:** Sample's Characteristics

Characteristics	Percent
<b>Age</b>	
16-25	27.1%
26-35	60.2%
36-45	9.5%
46-55	2.2%
More Than 55	0.8%
<b>Gender</b>	
Male	83.8%
Female	16.2%
<b>Education</b>	
Bachelor degree	93.3%
Diploma	2.6%
Master's degree	2.8%
Doctorate Degree	0.0%
Others	1.4%

**Table 2:** Composite reliability, Cronbach's alpha, AVE and VIFs coefficients

<b>Variables</b>	<b>Composite reliability</b>	<b>Cronbach's alpha</b>	<b>AVE</b>	<b>VIF</b>
Charismatic Leadership	0.901	0.862	0.648	2.132
Ethical Leadership	0.853	0.775	0.595	1.965
Job Satisfaction	0.886	0.867	0.528	1.117
Transformational Leadership	0.896	0.855	0.634	1.978
Visionary Leadership	0.901	0.862	0.645	2.482
Wise Leadership	0.922	0.894	0.703	2.019
Job Performance	0.936	0.914	0.745	NA

**Table 3:** Squared roots of AVE

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
1. Charismatic Leadership	<b>0.805</b>						
2. Ethical Leadership	0.611	<b>0.772</b>					
3 Job Performance	0.097	0.065	<b>0.863</b>				
4. Job Satisfaction	0.307	0.283	0.164	<b>0.727</b>			
5. Transformational Leadership	0.563	0.610	0.081	0.268	<b>0.796</b>		
6. Visionary Leadership	0.646	0.550	0.072	0.359	0.612	<b>0.803</b>	
7. Wise Leadership	0.572	0.517	0.094	0.363	0.525	0.676	<b>0.838</b>

**Table 4:** Indirect effects results

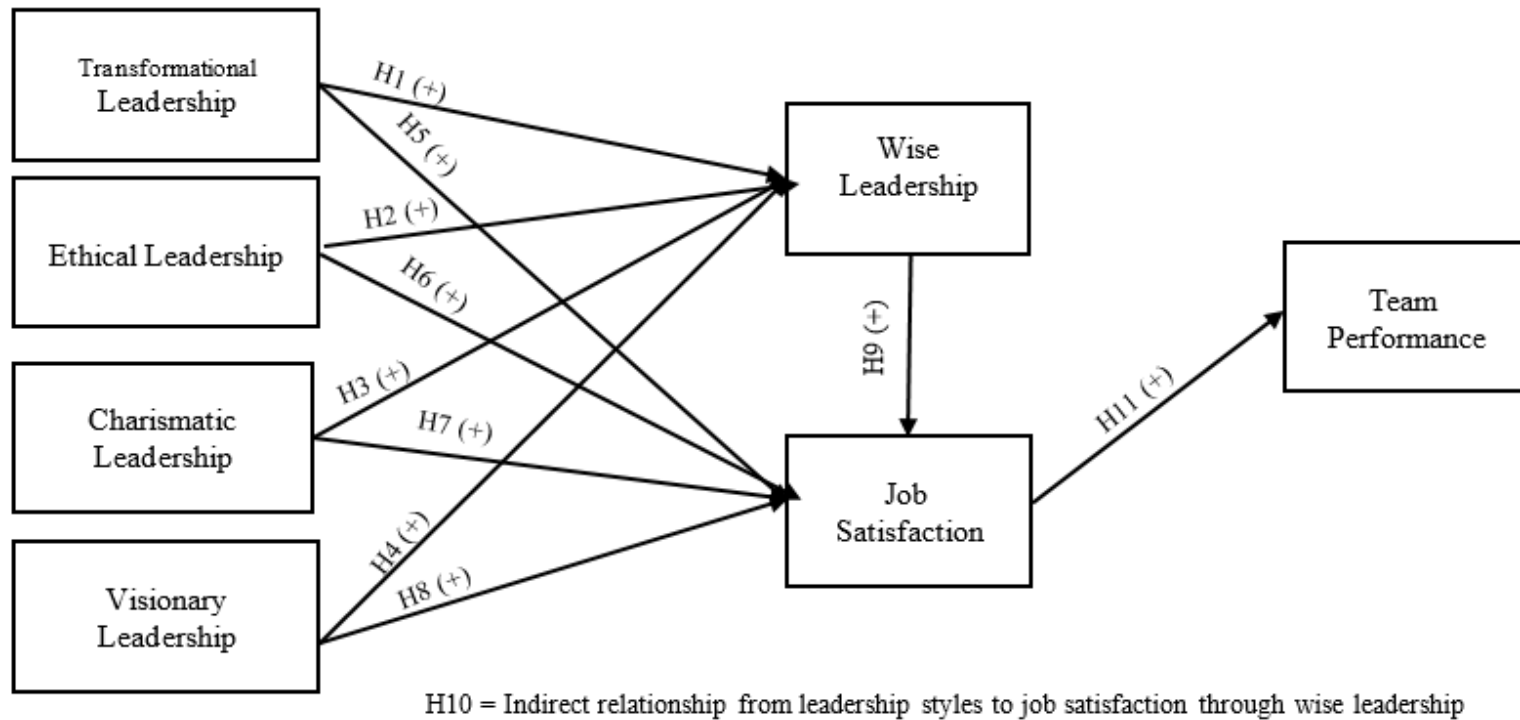
Paths	Significance		Confidence Intervals		Outcome
	Direct effect	Indirect Effect <i>via Wise Leadership</i>	2.5%	97.5%	
Charismatic Leadership on Job Satisfaction	$p=0.29$	$p=0.047$	0.003	0.063	Full Mediation at 5%
Visionary Leadership on Job Satisfaction	$p=0.01$	$p=0.002$	0.037	0.150	Partial Mediation at 5%
Ethical Leadership on Job Satisfaction	$p=0.24$	$p=0.068$	0.002	0.049	No mediation

**Table 5:** Summary of hypothesis testing

<b>Hypothesis</b>	<b>Test</b>
<i>Hypothesis 1:</i> Transformational leadership is positively related to wise leadership development.	Rejected
<i>Hypothesis 2:</i> Ethical leadership is positively related to wise leadership development.	Accepted
<i>Hypothesis 3:</i> Charismatic leadership is positively related to wise leadership development.	Accepted
<i>Hypothesis 4:</i> Visionary leadership is positively related to wise leadership development.	Accepted
<i>Hypothesis 5:</i> Transformational leadership is positively related to employees' job satisfaction.	Rejected
<i>Hypothesis 6:</i> Ethical leadership is positively related to employees' job satisfaction.	Rejected
<i>Hypothesis 7:</i> Charismatic leadership is positively related to employees' job satisfaction.	Rejected
<i>Hypothesis 8:</i> Visionary leadership is positively related to employees' job satisfaction.	Accepted
<i>Hypothesis 9:</i> Wise leadership is positively related to employees' job satisfaction.	Accepted
<i>Hypothesis 10:</i> Wise leadership mediates the link between leadership styles and employees' satisfaction	Accepted
<i>Hypothesis 11:</i> Employees' job satisfaction leads to higher job performance.	Accepted

## Figures

**Figure 1:** Theoretical framework and hypotheses, based on Boal and Hooijberg (2001) and Parco-Tropicales and de Guzman (2014).



**Fig. 2:** Path coefficients and P-values

